

State of Alaska FY2003 Governor's Operating Budget

Department of Community & Economic Development Community Assistance & Economic Development Budget Request Unit Budget Summary

Community Assistance & Economic Development Budget Request Unit

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BRU Mission

The mission of the Division of Community and Business Development (CBD) is to promote independent local governments and job growth.

The mission of the Division of International Trade and Market Development (ITMD) is to increase international trade and investment in Alaska.

BRU Services Provided

See components.

BRU Goals and Strategies

See components

Key BRU Issues for FY2002 – 2003

See components.

Major BRU Accomplishments in 2001

See Components.

Key Performance Measures for FY2003

Measure:

The change in the number of communities successfully managing new sewer and water systems.
Sec 24(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Completed or virtually completed 91 rural systems since efforts began in the 1960's to build such systems. Of these, 5 were completed in FY 01.

The FY02 Key Performance Measure stated that completed systems totaled 96. The reason for the discrepancy in the completed systems is due to new data collection and reporting methods. This data was not collected until 2000 when DEC and the Alaska Native Tribal Health consortium began collection efforts. Last year the data was still preliminary when budget submissions were due. Since then the data has been revised and in 2000 there were 86 completed systems.

Twenty-nine utilities are not considered to be successful. One of the systems completed in FY01 is not considered successful. These 29 utilities have been identified as chronic violators of environmental regulations related to the operation of water and wastewater systems.

FY03 target: 96 communities completed, 27 not considered successful.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

Time frame for measurement is FY 01.

New water and sewer systems - defined as a sanitation project completed, where the project supplies 90% or more of the year-round occupied households with plumbed water and wastewater served via pipes or haul vehicles. Source of data: Alaska Native Tribal Health Consortium, DEC's Facility Construction and Operation Division.

Successfully manages - defined as operating without major interruption of service and without substantial violations of water quality, waste discharge and environmental regulations for more than one quarter. Source of data: EPA issued Substantial Noncompliance List.

Measure:

The change in the number of Alaskans employed year-round in the visitor industry.
Sec 24(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

A 1999 update of the Alaska Visitor Industry Economic Impact Study indicated that one in eight private sector workers are now employed in the visitor industry in Alaska. Alaska's visitor industry directly and indirectly accounts for approximately 30,700 jobs (20,300 direct employment; 10,400 indirect employment).

Updated information is expected to be available in 2002.

FY03 target: The division expects the number of tourism related jobs to meet or exceed the number of jobs in FY02. It is difficult to predict at this point due to the changes in national security, which will impact the tourism industry.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

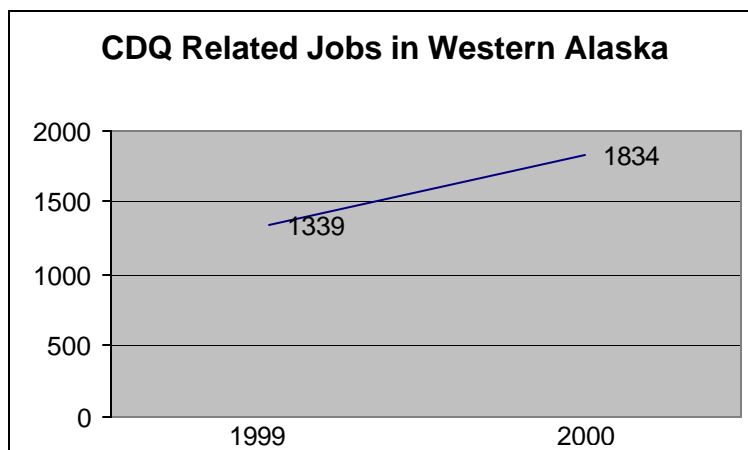
Data is being gathered through the Alaska Visitors Statistics Program administered by the Division of Community and Business Development. Tourism industry employment data is not easily discernable through the Standard Industrial Classification (SIC) system utilized by the Department of Labor and Workforce Development.

Measure:

The change in the number of CDQ-related (community development quota related) jobs in Western Alaska.
Sec 24(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

There were 1834 CDQ related jobs created in 2000, an increase from 1339 in 1999. The employment include positions on offshore factory trawlers, onshore processing plants, CDQ halibut and salmon plants, local halibut fisheries, and various management and administrative jobs within the six CDQ groups.



FY03 target: The division expects the number of seafood industry jobs in the CDQ program to increase again in FY03 primarily due to increasing CDQ ownership in groundfishing vessels. In addition, better recruitment and placement of employees by the CDQ groups in the processing and harvesting sectors and in administrative and management positions within the groups themselves, have made more employment opportunities available for residents in western Alaska.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

The data for this Measure was taken from the 2000 CDQ Quarterly Reports.

Measure:

The number of communities that dissolve.

Sec 24(b)(4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

No petitions for dissolutions were filed in FY01. This performance measure is not conducive to establishing a target goal.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

Information for this measure comes from petitions for dissolution from municipalities. The term municipal government as opposed to community should be used in this measure because the division does not have the same constitutional and statutory charge to "advise and assist" unincorporated communities as is mandated for municipal governments. Also, an unincorporated community receives no Safe Communities entitlement and its State Revenue Sharing entitlement is so minimal, creditors rarely bother effecting a levy against it.

Measure:

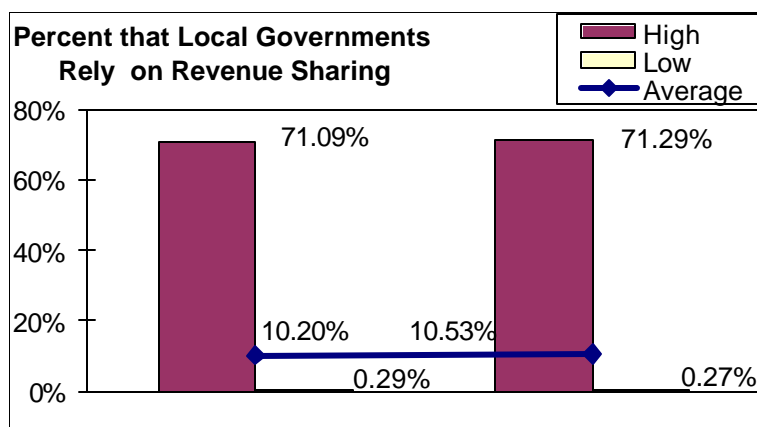
How much, expressed as a percentage, local governments rely on revenue sharing in their general operating budgets.

Sec 24(b)(5) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The average percentage calculated is 10.53%. There were 161 local governments with a range from 71.09% to .29%. In FY01 the average percentage was 10.2%. There were 161 local governments with a range from 71.29% to .27%.

This performance measure is not conducive to establishing a target goal. While it is a Department goal that local governments become more self-sufficient through increased local revenue generation, the percentage local governments rely on revenue sharing in their operating budgets can be impacted in several ways not related to the Department's efforts in this area. For example, the level of revenue sharing funding appropriated by the Legislature and local government operating revenues received by other State agencies or the Federal Government has a direct effect on the annual percentage rates.



A listing of the governments and the percentages and figures used in the calculations is available upon request from the Division of Community and Business Development.

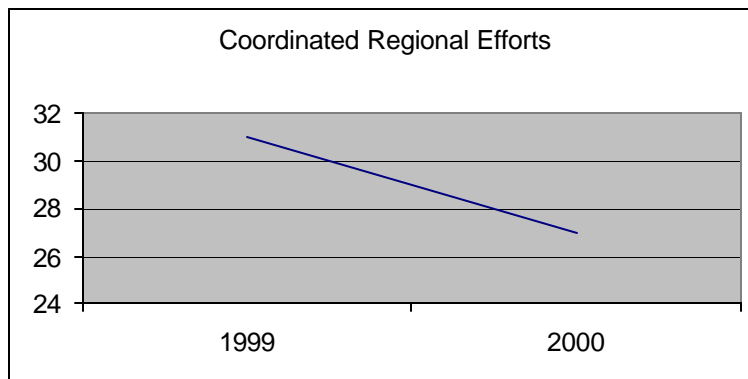
Measure:

The number of coordinated regional efforts resulting in the creation of new business opportunities.

Sec 24(d)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

There were 27 coordinated regional efforts within the Alaska Regional Development Organizations (ARDORs) resulting in creation of new business opportunities. In FY00, the first year of the measure, there were 31 coordinated regional efforts.



FY03 target: There will be 30 coordinated regional efforts resulting in creation of new business opportunities.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

The information in this Performance Measure was taken from the January 2001 ARDOR Annual Report. This area for the ARDOR program looks like it went down this year. The reason the numbers are lower is that two ARDORs (Anchorage and SWAMC) have not yet reported this information.

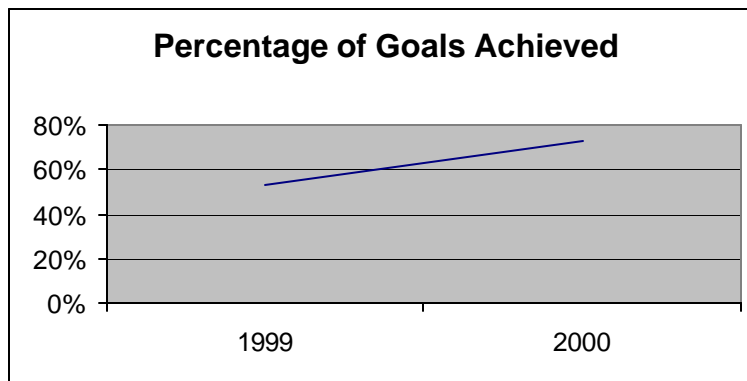
Measure:

The percentage of goals identified through regional processes that are achieved.

Sec 24(d)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The percentage of goals identified through regional processes that are achieved is an average of 73%. Figures taken from the Alaska Regional Development Organization FY02 grant application. The percentage report was derived by dividing the number of goals accomplished during the year by the number of goals identified at the beginning of the year. The percentage of goals from the FY01 grant applications is an average of 53%, the first year of the measure.



FY03 target: The percentage of goals identified through regional processes that are achieved will be an average of 75%.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

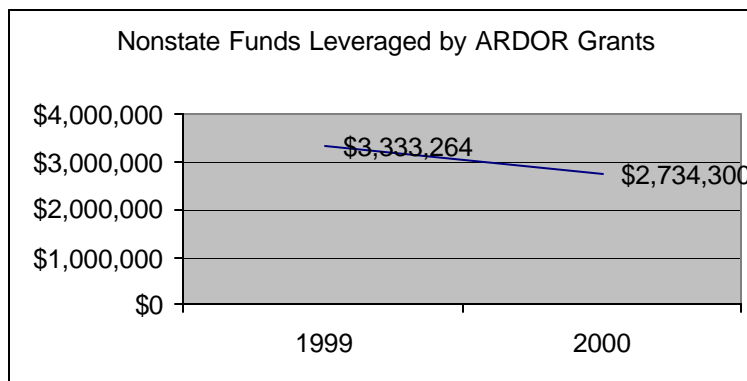
The information in this Performance Measure was taken from the ARDOR grant applications. The goals used in the calculation are the grantees' goals.

Measure:

The change in the amount of nonstate funds leveraged by ARDOR grants.
Sec 24(d)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The amount of nonstate funds leveraged by the FY02 ARDOR grants is \$2,734,300, a decrease from \$3,333,264 from FY01 (FY01 was the first year of the measure).



FY03 target: The amount of nonstate funds leveraged by the FY03 ARDOR grants will increase 10% from FY02.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

The information in this Performance Measure was taken from the ARDOR FY02 grant applications. . This area for the ARDOR program looks like it went down this year. The reason the numbers are lower is that two ARDORs (Anchorage and SWAMC) have not yet reported this information. SWAMC hasn't applied for the FY02 grant.

Measure:

The cost per trade lead in international trade and development.
Sec 25(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

No baseline number as yet. This is a new measure approved by the 22nd Legislature. Based on performance measure approved by the 21st Legislature, the division began in FY01 to maintain records quantifying the number of trade leads distributed to Alaska exporters, overseas buyers, film community, and other Alaska businesses. The division is currently developing an effective method of allocating costs specifically associated with the collection and dissemination of leads.

Benchmark Comparisons:

A comparison between Alaska and other states will be problematic. According to the two leading national organizations supporting international trade and economic development (NASDA and SIDO) for the states, comparative data is neither collected nor reported.

Background and Strategies:

Handling of leads is one of many activities performed by the division. The division's in-state trade specialists and overseas trade representatives work closely with Alaska and overseas companies to identify and pursue opportunities for trade and development.

- Strive to increase number of leads and qualify leads for appropriateness and potential, while working to contain cost.
- Distribute leads to appropriate Alaska and overseas businesses.
- Identify and help Alaska companies to pursue new export opportunities.
- Participate in special promotions and presentations, trade shows and seminars to raise the visibility of Alaska as a potential source for products and services, and a good place to do business.
- Educate potential customers overseas about what Alaska has to offer, through efforts of overseas trade representatives in Japan, Korea, Taiwan and the Russian Far East.
- Organize and conduct trade missions, inbound and outbound, to introduce buyers in key markets to Alaska sellers.

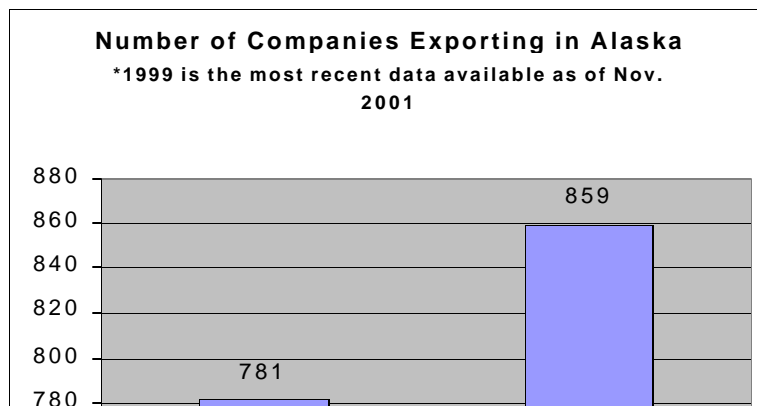
Measure:

The increase in the number of Alaska firms that export products and services.
Sec 25(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

According to the U.S. Department of Commerce ("A Profile of U.S. Exporting Companies, 1998-1999"), in 1999, the most recent year for which figures are available, the number of Alaska-based exporters was 859. This number represents a 10% increase from 1998.

Target proposal: Meet or exceed the national rate of growth of the number of exporting companies.



During the 1998 to 1999 period, the national rate of growth of the number of exporting companies was 7.5%, based on information collected and reported by the U.S. Department of Commerce.

Background and Strategies:

Diversifying markets is beneficial to Alaska companies and Alaska's economy. The division assists export-ready companies to begin and expand export markets.

Provide trade information and services to export-ready Alaska companies.

- Assist smaller and new-to-export firms to "test the waters" overseas through relatively inexpensive means such as
- Alaska Products Catalogs distributed to trade groups, and shared Alaska booths at targeted trade shows.
- With private sector interest and support, organize and conduct trade missions matching industries with potential markets to expand sales in current markets and develop new markets.

Measure:

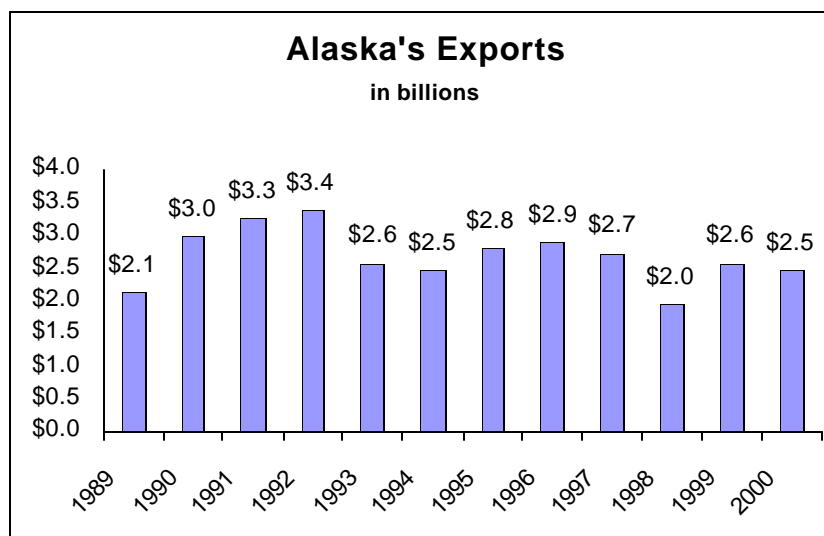
The change in the dollar value of exports from the state.

Sec 24(d)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The dollar value of goods exported from Alaska totaled \$2.5 billion in 2000, a decrease of 3.9% from 1999*. (*Decrease due to change in destination of North Slope Crude, now being shipped to U.S. West Coast refineries. Not counting crude oil, Alaska's exports increased 5.5% in 2000.)

Target level proposed: Meet or exceed the national growth rate of exports.



Benchmark Comparisons:

Based on information collected and reported by the U.S. Department of Commerce Census Bureau, the change in the dollar value of Alaska exports can be compared with the change in the dollar value of exports from other states.

Figures are derived from Export Statistics, State of Origin series. U.S. exports increased 12.6% in 2000.

Background and Strategies:

The state's export industries continue to benefit from Alaska's trade presence in key overseas markets. The division assists Alaska companies and industries to export:

Provide information and assistance to help Alaska companies initiate or expand export business activities.

- Research potential niche-market opportunities for value-added Alaska products. Identify potential buyers in promising markets, and introduce them to Alaska suppliers.
- Keep Alaskans informed about key markets through periodic newsletters and special reports.
- Promote exports to Alaska's key markets - Japan, Korea, Canada, China, Taiwan, and the Russian Far East.
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- Focus on Alaska's key markets by contracting for trade representation in Tokyo, Seoul, Taipei and Sakhalin.
- Overseas trade representatives maintain contacts with key officials in private sector and government, promote Alaska products and services, and provide timely, useful market information to Alaskans.
Utilize overseas trade representatives to extend the effectiveness of Alaska companies overseas - provide market research on specific goods and services, and assist Alaskans to make contact with buyers.

Community Assistance & Economic Development

BRU Financial Summary by Component

All dollars in thousands

	General Funds	FY2001 Actuals Federal Funds	Other Funds	Total Funds	General Funds	FY2002 Authorized Federal Funds	Other Funds	Total Funds	General Funds	FY2003 Governor Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
Community & Business Development	4,271.4	1,773.2	2,840.1	8,884.7	4,268.1	1,372.6	2,973.5	8,614.2	4,838.3	1,405.4	2,921.9	9,165.6
Int'l Trade and Market Dev	0.0	0.0	0.0	0.0	1,474.0	0.0	628.6	2,102.6	1,592.7	0.0	516.4	2,109.1
Totals	4,271.4	1,773.2	2,840.1	8,884.7	5,742.1	1,372.6	3,602.1	10,716.8	6,431.0	1,405.4	3,438.3	11,274.7

Community Assistance & Economic Development
Proposed Changes in Levels of Service for FY2003

See components.

Community Assistance & Economic Development
Summary of BRU Budget Changes by Component
From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	5,742.1	1,372.6	3,602.1	10,716.8
Adjustments which will continue current level of service:				
-Community & Business Development	220.2	32.8	-126.6	126.4
-Int'l Trade and Market Dev	28.7	0.0	0.0	28.7
Proposed budget decreases:				
-Int'l Trade and Market Dev	0.0	0.0	-112.2	-112.2
Proposed budget increases:				
-Community & Business Development	350.0	0.0	75.0	425.0
-Int'l Trade and Market Dev	90.0	0.0	0.0	90.0
FY2003 Governor	6,431.0	1,405.4	3,438.3	11,274.7